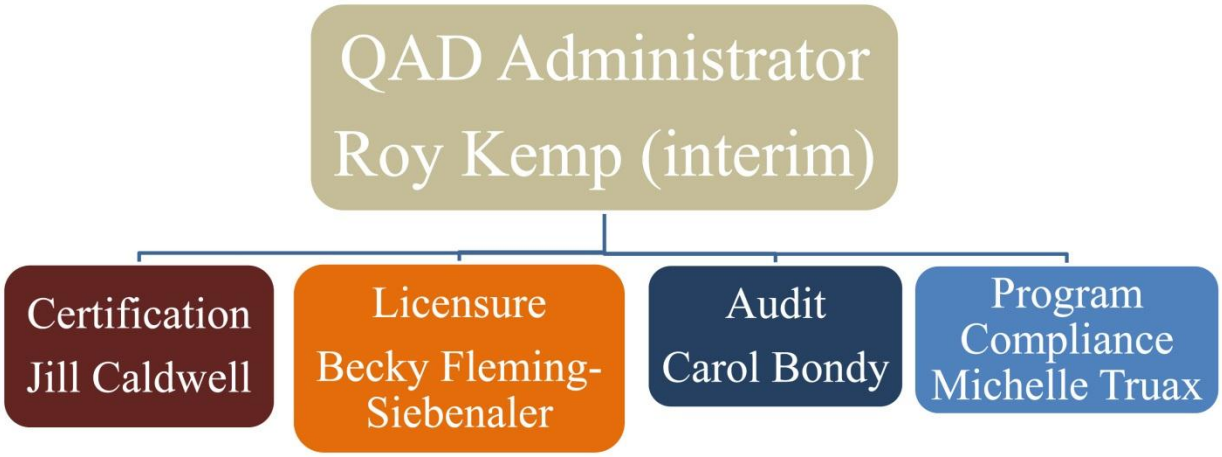
Presentation to the 2015 Health and Human Services Joint Appropriation Subcommittee

QUALITY ASSURANCE DIVISION

Operations Services Branch
Department of Public Health and Human Services

Reference:
Legislative Fiscal Division Budget Analysis, Volume 4, Page B-42 – B-45

Organizational Chart



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OVERVIEW

The Quality Assurance Division is the regulatory Division of DPHHS. The Division's presence addresses public policy created by both the Montana Legislature and Federal Government. The Division has two similar, but different regulatory functions. First, assessing and monitoring facility compliance to the standards of care by performing inspections for health and life safety in health care, child care, residential and youth care facilities. The Division also provides the public an avenue to report complaints regarding facility care and services. Healthcare and childcare in Montana provide significant contributions to Montana's economy through the services provided in virtually every community in the state.

The second major function of the Division is Program Compliance which is dedicated to audit, review, recovery and the return of TANF, SNAP and Medicaid dollars.

The services provided by the Quality Assurance Division impact all Montanans. Either people are receiving services provided by DPHHS, or know a family member or friend, who is using or receiving these services.

SUMMARY OF MAJOR FUNCTIONS

Licensing and Certification

Montana healthcare is one of the largest industries in the state. The Quality Assurance Division plays a significant role in the health and well-being of people by licensing over 700 health care facilities, residential care facilities and providers of mental health and chemical dependency services. In addition, many providers are certified for Medicare/ Medicaid. The Certification Bureau is the branch of the Division designated by the Center for Medicare/Medicaid (CMS) to serve as the State Survey Agency. The licensure and certification activities are conducted to ensure Montanans receive proper treatment and medical care. All facilities are subject to unannounced inspections, helping to ensure a clean, safe environment, proper nutrition, and quality delivery of health care services in order to safeguard their overall health and well-being.

Child Care

In addition to healthcare, the Division licenses and registers child care facilities. For parents who utilize child care services, the activities of the Division help assure a safe and secure environment for their children. Montana has approximately 1000 licensed or registered providers throughout the state, serving approximately 19,000 children. Regulatory efforts by the Child Care Licensing Program help

ensure children in out of home care are provided an environment in which they can feel safe and receive age appropriate learning experiences.

Community Residential Facilities
The Division is also responsible for licensing community homes for the developmentally disabled and physically disabled, youth care facilities, outdoor behavioral facilities and residential treatment facilities. Montana has approximately 175 licensed providers who deliver services in these settings.

Program Compliance
Quality Control, Intentional Program Violations, Third Party Liability, and Program Integrity

Quality Control & Intentional Program Violations (QC & IPV) Reviews
Quality assurance activities are an integral part of operating efficiently; and providing benefits in the right amount, to the right people, at the right time. Monitoring for individuals who are not eligible to receive benefits/services and taking appropriate follow-up actions helps ensure tax payer dollars are used prudently. The reviews are performed by randomly sampling cases for accuracy of eligibility determinations. The Supplemental Nutrition Assistance Program (SNAP) Quality Control reviews are conducted in accordance with 7 CFR §275, Subpart C - Quality Control (QC) Reviews. The SNAP reviews require a face to face interview with clients to verify documentation supporting benefits issued. Interviews can be held in a mutually agreeable location; however, it is often beneficial to the client to meet in the client's home. Results of the reviews are used to determine whether benefit errors exist and to identify corrective actions. Depending upon the individual client needs, the program may also refer them to other agency or community based services, such as Low Income Energy Assistance Program (LIEAP), Meals on Wheels, and Home & Community Based Health Care.

The Intentional Program Violations (IPVs) unit is responsible for investigating intentional violations in the SNAP, TANF and Medicaid programs. If it is determined that an intentional program violation has occurred, the unit shall proceed through the administrative disqualification process**,** or make a referral to a court of competent jurisdiction as required in 7 CFR §273.16. Individuals who have committed an Intentional Program Violation in the SNAP and TANF programs may be disqualified for a period of:

- 12 months;
- 24 months;
- 10 years; or,
- permanently depending on the severity of the violation.

Disqualified individuals receiving SNAP benefits are tracked nationally to prevent their receipt of any benefits during their disqualification period. Overpayments are established to recover benefits the individual was not eligible to receive**.** Over the last two years (SFY 2013 and 2014) the unit investigated 1,335 referrals of individuals receiving SNAP benefits and of that number 1,214 were found to have committed an IPV. Due to these disqualifications, SNAP overpayments of $1.9 million were established and a cost savings of $2.9 million was projected.

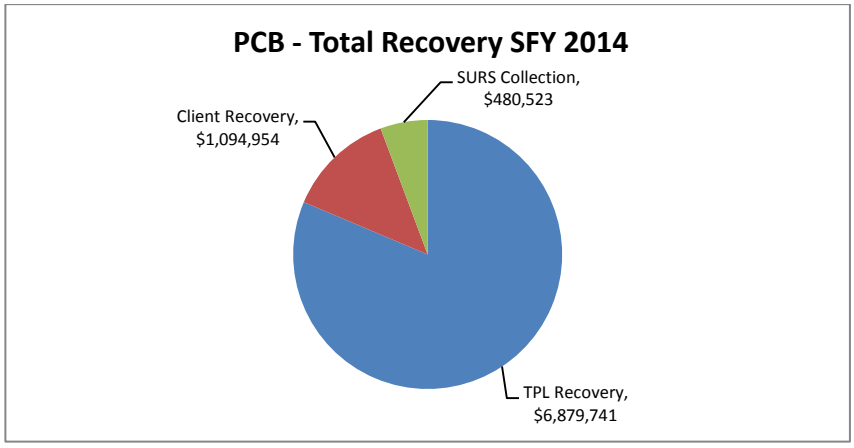
> Cost savings are the original benefit amount minus what is the correct amount; the difference is multiplied by the disqualification period. For example: Client was receiving $100, the disqualification period is 12 months, and the cost savings is $1,200.

Third Party Liability (TPL)

The program gathers information on third parties who are either required to pay claims prior to Medicaid; or are required to reimburse Medicaid for claims that have already been paid. Legally responsible third parties include Medicare, traditional health insurance, workers' compensation, and automobile insurance. In SFY 2014, Montana recognized a cost avoidance of $172.6 million, recovered benefits paid of $6.8 million and collected $1 million SNAP, TANF and Medicaid overpayments.

Program Integrity (SURs)

Medicaid program integrity is among the highest priorities nationally. Surveillance and Utilization Review Section (SURS), is responsible for Medicaid provider audits and enrollment issues for approximately 19,400 providers. SURS performs retrospective audits of claims paid by the Medicaid program. The audits contribute to recovery of Medicaid benefits paid inappropriately due to billing errors, lack of documentation, or non-compliance. The SURS function is required under federal Medicaid regulations at 42 CFR§455, §466 and helps prevent the loss of public dollars to fraud, waste and abuse. In SFY 2013 overpayments collected were $359,465 and in SFY 2014, $480,523.



Montana Medicaid Recovery Audit Contract

The Affordable Care Act (ACA) requires Medicaid agencies to audit Title 19 programs (Hospitals, Nursing Homes, etc.) and identify overpayments and underpayments. This work is guided by developing agreements with Recovery Audit Contractors (RACs); in Montana's case, the agency contracted with Health Management Systems. Additionally RAC efforts are coordinated with federal and state law enforcement agencies.

Montana entered into a two (2) year contract with Health Management Systems on December 15, 2012. The contract has the option for two (2), one year renewal periods. On December 15, 2014, the Montana Department of Health and Human Services executed the first renewal option.

The first year of the contract (December 2012 to 2013) was spent designing and initiating the program, while the actual audits started in earnest in the second year (2013 to 2014). In 2014, Health Management Systems identified and recovered $62,980.15 in overpayments. Going forward, the audits are larger in scope and potential recoveries.

Audit Bureau
Audits are an effective tool to ensure the agency service providers manage State and Federal funding appropriately. The audits assess financial management, proper internal control, contract and regulatory compliance, and program performance. The audits are performed in a four-year cycle for the providers listed in the table below. Other DPHHS programs are audited as requested. The bureau informs agency program managers on the financial status of their contractors. Additionally, the Audit Bureau educates service providers regarding generally accepted accounting principles and how to become better financial managers. Audits result in more service providers that are financially sound and better able to meet the needs of all stake holders in Montana.

This 4 year audit cycle included

Qty	Provider Type	Approx. Individuals Served
66	Developmental Disability Providers	4,500
45	Child Care Centers	1,632
8	Chemical Dependency	3,200
4	Vocational Rehabilitation Independent Living Centers	1,228

Montana Marijuana Registry
The Division administers the Marijuana Registry in accordance with the Montana Marijuana Act at MCA 50-46-part 3. A Montana resident with a debilitating medical condition can apply for placement on the registry. Cardholders may name a registered provider, to assist them with obtaining their medicine. All providers must pass a fingerprint back ground check and are placed on the registry. The number of registered cardholders has declined from 31,522 at the end of May 2011 to 9,352 as of October, 2014 as a result of SB423. In addition, the number of registered providers was 4,650 in May 2011, has declined to 361 providers in October, 2014. There are 214 physicians associated with the current enrollment.

Highlights and Accomplishments during the 2015 biennium

Cost avoided and collected over $179 million in Medicaid benefits
During SFY 2014, the department's efforts including those of the Third Party Liability (TPL) program for Medicaid continued to achieve savings by coordinating benefits with other insurance plans for eligible people. This coordination of benefits directly impacted over 30,000 people who had insurance coverage under Medicare or other private insurance.

Third Party Liability (TPL)	Medicare	Other Insurance	Total
Cost Avoidance	$152,534,429	$20,090,968	$172,625,397
Recoveries	$404,283	$6,475,458	$6,879,741
Total	$152,938,712	$26,566,426	179,505,138

Achieved CMS Performance Requirements - State Survey Agency

Meeting the CMS performance standards is important for all Montanans as the Bureau's work ensures residents receive nutritious food, are kept clean and receive the medical care they need to promote quality of life at this fragile stage of their lifespan. The Division Certification Bureau successfully satisfied the state contract performance requirements of the CMS Mission and Priority Document. The federal performance standards were met for nursing homes in areas of frequency of data entry, documentation of survey deficiencies, and adherence to federal conditions of participation. In addition, federal performance standards were also met for hospitals, home health agencies, end stage renal dialysis, hospices, ambulatory surgical services and rural health clinics in the areas of frequency of data entry, documentation of survey deficiencies, timeliness of EMTALA investigations, and adherence to federal conditions of participation. The federal performance standards for complaint intake and investigation were met at a level of 100%.

In addition to achieving the required performance standards of CMS, the Certification Bureau continues to provide monthly WebEx provider training seminars to keep facility personnel apprised of survey activities, trends, changes, and approaches to improving health care in their respective facilities. These webinars provide a convenient and cost free opportunity for all provider types to ask questions of the Bureau on CMS regulations. Using funds collected from civil monetary payments (CMP) assessed after unsatisfactory certification surveys, the Bureau coordinated with Montana Health Care Association to provide training for long term care facility staff. The training focused on using activities in the homes to reduce the number and amount of antipsychotic medications. This offering was a response to the recent CMS initiative of reducing antipsychotic medications in those nursing home residents with dementia.

Health Care Facility Licensing System

The QAD Licensure Bureau has been engaged in the development and implementation of a new Health Care Facility Licensing System. When this system is fully operational, the department will have a vastly enhanced licensing capability. The Division is working collaboratively with the Technology Services Division (TSD) and a vendor, Iron Data, to finalize the new licensing system called VERSA. VERSA is an off the shelf product that is being configured to Montana's unique facility licensing needs. With the addition of VERSA, the Licensing Bureau will be able to track facilities from the time they open, closely monitor changes and inspections, and maintain records of deficiencies and violations. The system will eventually be searchable by the public looking for information on specific facilities. The system will be capable of taking online applications and payments, making health care licensing much more efficient for licensees and eliminating unnecessary staff time.

Certified Nurse Aid Registry

The QAD Certification Bureau has been engaged in the development and implementation of a new Certified Nurse Aide registry system. The department now has an enhanced database and online application system called VERSA for the employer verification of Certified Nurse Aides and Home Health Aides. Like the health care facility licensing VERSA is an off the shelf product that was configured to the Nurse Aide Registry's unique needs. The CNA registry continues to work to educate the public, health care facilities, and all CNAs/HHAs about the online application system. The new system will allow CNA's to apply, renew, verify, and update their information on line. Most importantly, the system is searchable by the public looking for information on specific CNAs/HHAs.

GOALS AND OBJECTIVES

Department of Public Health and Human Services
Quality Assurance Division

Goals and Objectives
Submitted October 2014

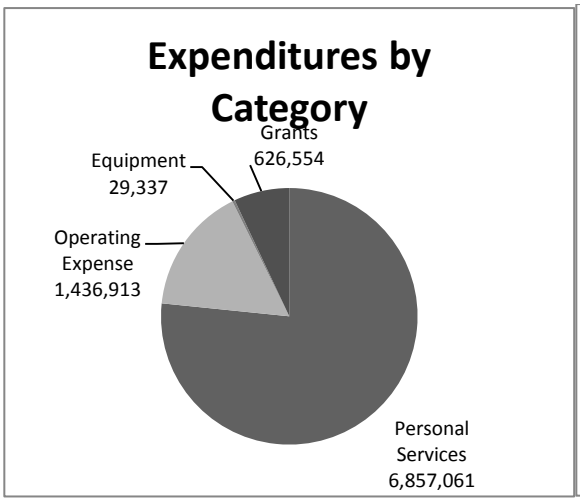
Goal: Continuous improvement in the Department's efforts to protect the health, safety, and well being of Montanans by:

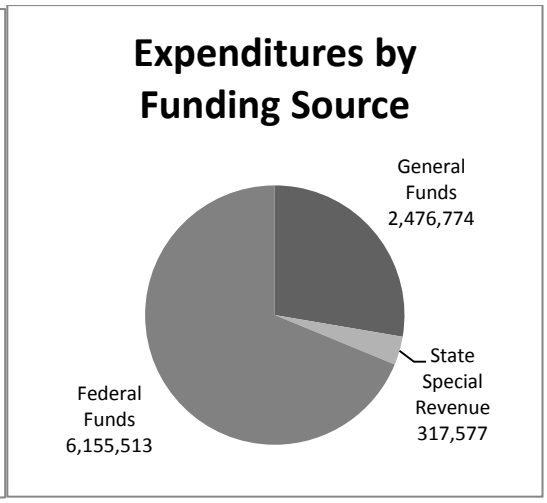
- Maintaining regulatory oversight that promotes Montana health care facilities, youth care facilities, child care facilities and facilities serving individuals with physical and developmental disabilities to be in compliance with applicable laws and regulations.
- Providing program integrity oversight, and audit functions.

Objective	Measures
• Perform licensure and certification functions for the respective facilities and providers as established within the applicable state and federal laws. • Provide program integrity oversight. Maximize cost avoidance and recoveries for applicable agency programs in accordance with state and federal laws. • Conduct independent audits of agency programs and services and provide agency management with evaluations of internal work processes.	Through review and analysis, the Division determines whether: • Licensure and certification functions are completed in accordance with timelines defined under state or federal rules and regulations. • Increase the number of surveys required for each provider type as outlined in the Federal Mission and Priority Document. This increase will add additional burden especially in the hospice surveys. In the past, these surveys were required every six to seven years. They are now required every three years. • All reasonable measures are taken under the Social Security Act to ascertain the legal liability of "third parties" for health care items and services provided to Medicaid recipients. • Quality control audits and reviews of client eligibility for Medicaid, SNAP and Healthy Montana Kids are performed timely and within guidelines. • Independent audits of DPHHS work processes and service providers are conducted timely and within guidelines.

FUNDING AND FTE INFORMATION

Quality Assurance Division	2014 Actual Expenditures	FY 2016 Request	FY 2017 Request
FTE	115.23	110.23	110.23
Personal Services	6,857,061	7,608,523	7,610,669
Operating	1,436,913	1,504,798	1,506,013
Equipment	29,337	29,337	29,337
Grants	626,554	626,553	626,553
Benefits & Claims	0	0	0
Debt Services	0	0	0
Total Request	**8,949,865**	**9,769,211**	**9,772,572**
General Fund	2,476,774	2,660,092	2,661,289
State Special Fund	317,577	379,574	379,147
Federal Fund	6,155,514	6,729,545	6,732,136
Total Request	**8,949,865**	**9,769,211**	**9,772,572**





CHANGE PACKAGES

PL 800444 – Statewide 4% FTE Reduction
The 2015 biennium budget included a 4% vacancy savings reduction. Language included in the boilerplate of HB 2 passed by the 2013 Legislature, indicated legislative intent that the 4% vacancy savings be made permanent as an FTE reduction for the 2017 biennium. Change package 800444 includes a reduction of 5.00 FTE each year and $563,520 total funds for the biennium to accomplish the FTE reduction.

Fiscal Year	General Fund	State Special	Federal Funds	Total Request
FY 2016	**-$133,675**	**-$961**	**-$147,350**	**-$281,986**
FY 2017	**-$133,548**	**-$959**	**-$147,027**	**-$281,534**
Biennium Total	**-$267,223**	**-$1,920**	**-$294,377**	**-$563,520**

PL 808003 – Med Admin RAC Program
This present law adjustment requests $150,108 in total funds for the biennium, including $75,054 of state funds and $75,054 of federal funds to maintain existing services for the Recovery Audit program in the Quality Assurance Division. The increase is necessary to provide contracted services for the duties of monitoring and reporting on the Recovery Audit Program contract, collections, and payments.

Fiscal Year	General Fund	State Special	Federal Funds	Total Request
FY 2016	**$0**	**$37,527**	**$37,527**	**$75,054**
FY 2017	**$0**	**$37,527**	**$37,527**	**$75,054**
Biennium Total	**$0**	**$75,054**	**$75,054**	**$150,108**

LEGISLATION

The Division has no pending or requested legislation.